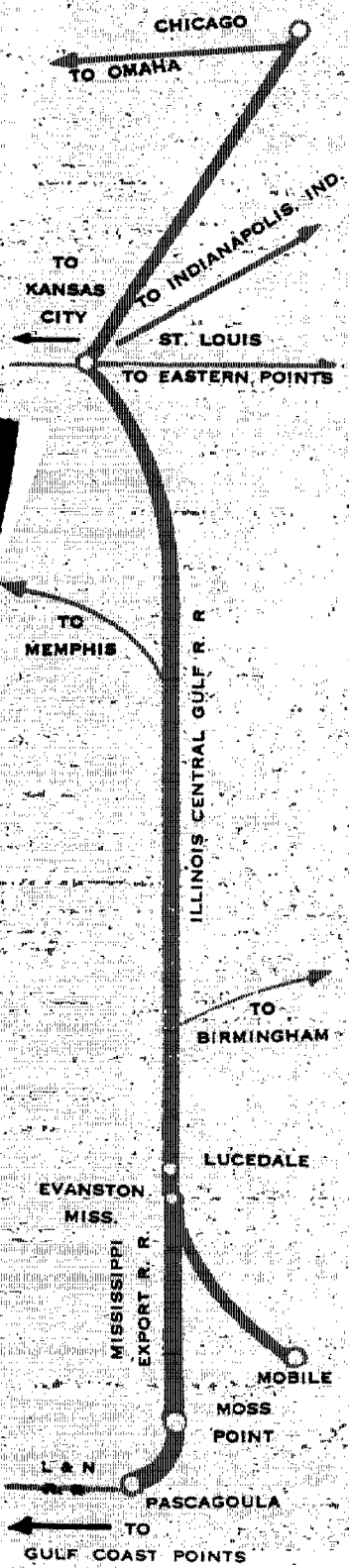


C. M. von Sprecken, Jr.
Vice President - General Manager

Mississippi Export Railroad Company



10256
RECORDATION NO. 1425

Post Office Box 743
Moss Point, Mississippi 39563

APR 13 1979 - 9 22 AM

April 16, 1979

INTERSTATE COMMERCE COMMISSION

9-108A 50

APR 18 1979

FOO 10.01

Honorable H. Gordon Homme, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

ICC Washington, D. C.

Dear Mr. Homme:

Enclosed for filing pursuant to 49 USC 11303 (formerly Section 20(c) of the Interstate Commerce Act) are Counterparts 3 and 4 of the following documents covering the equipment described in and marked in accordance with Schedule I hereto:

(1) Conditional Sale Agreement dated as of April 1, 1979, between Mississippi Export Railroad Company, Vendee, and General Motors Corporation (Electro-Motive Division), Vendor; and

(2) Agreement and Assignment dated as of April 1, 1979, (assigning the Vendor's interest in the above mentioned Conditional Sale Agreement between General Motors Corporation (Electro-Motive Division), as Assignor, and the Merchants and Marine Bank, Pascagoula, Mississippi, and Pascagoula-Moss Point Bank, Pascagoula, Mississippi, Assignees.

The names and addresses of the parties to the above transaction are as follows:

(a) Vendor and Assignor, General Motors Corporation
(Electro-Motive Division)
La Grange, Illinois 60525

RECEIVED
APR 18 9 21 AM '79
FEE OPERATION BR.

Handwritten signature: C. M. von Sprecken, Jr.

Mississippi Export Railroad Company
Moss Point, Mississippi

Mr. Homme

-2-

April 16, 1979

(b) Assignees: Merchants and Marine Bank
Pascagoula, Miss. 39567

Pascagoula-Moss Point Bank
Pascagoula, Miss. 39567

(c) Vendee: Mississippi Export Railroad
Company
Moss Point, Miss. 39563

Please file and record the document referred to in this letter under the name of the Assignees and Vendee. Enclosed is \$50.00 for payment of the recording fee.

Please return to the person presenting this letter, along with your letter confirming such recordation and your Fee Receipt for the recordation fee, all the conformed copies not required for filing.

Sincerely yours,

T. M. von Sprecken, Jr.

T. M. von Sprecken, Jr.
Vice President - General Manager

TMvSjr:dw
Enclosure

SCHEDULE I

BUILDER	TYPE	AAR MECHANICAL DESIGNATION	BUILDER'S SPECIFICATION	BUILDER'S PLANT
General Motors Corporation (Electro-Motive Division)	GP-38-2 2,000 hp Diesel-electric Locomotive		8090	La Grange, Ill. 60525
QUANTITY	UNIT BASE PRICE	TOTAL BASE PRICE	ROAD NOS. (INCLUSIVE)	ESTIMATED TIME AND PLACE OF DELIVERY
One	\$488,415	\$488,415	MSE-66	April, 1979 FOB La Grange, Illinois

APR 18 1979 - 9 20 AM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of April 1, 1979

BETWEEN

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

AND

MISSISSIPPI EXPORT RAILROAD COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of April 1, 1979

BETWEEN

GENERAL MOTORS CORPORATION
(Electro-MOTIVE DIVISION)

AND

MERCHANTS AND MARINE BANK, PASCAGOULA, MISSISSIPPI
AND
PASCAGOULA MOSSPOINT BANK, PASCAGOULA, MISSISSIPPI.

[Covering One GP38-2 Locomotive]

CONDITIONAL SALE AGREEMENT

Dated as of April 1, 1979

Between

GENERAL MOTORS CORPORATION
ELECTRO-MOTIVE DIVISION

as Vendor

MISSISSIPPI EXPORT RAILROAD COMPANY

as Vendee

Re:

\$360,000 Maximum Principal Amount
Conditional Sale Indebtedness due 1989

of

MISSISSIPPI EXPORT RAILROAD COMPANY

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Attachments to Conditional Sale Agreement

Schedule A - Description of Equipment

Schedule B - Warranties and Patent Indemnities

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of April 1, 1979, between GENERAL MOTORS CORPORATION (Electro-Motive Division), a Delaware Corporation ("Manufacturer") and MISSISSIPPI EXPORT RAILROAD COMPANY, a Mississippi Corporation ("Railroad").

WHEREAS, the Manufacturer is willing to construct, sell and deliver to the Railroad and the Railroad is willing to purchase, the railroad equipment described in Schedule A attached hereto (the "Equipment"); and

WHEREAS, except as otherwise provided in Section 3.1 hereof, the Manufacturer and the Railroad have agreed that this Agreement shall exclusively and completely state the rights of the Manufacturer and the Railroad with respect to the Equipment and shall supercede all other agreements, oral or written, with respect to the Equipment;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

SECTION 1. CONSTRUCTION AND SALE

The Manufacturer will construct, sell and deliver to the Railroad, and the Railroad will purchase from the Manufacturer and accept delivery of and pay for as hereinafter provided, the Equipment, which shall be constructed in accordance with the applicable specifications referred to in Schedule A hereto, with such modifications thereof as may be agreed upon in writing by the Railroad and the Manufacturer (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design and quality of equipment and material used in the manufacture of the Equipment shall conform to all Department of Transportation requirements and specifications for new equipment, and to all standards recommended by the Association of American Railroads, if any, interpreted as being applicable to new railroad equipment of the character of the Equipment as of the date of this Agreement.

SECTION 2. DELIVERY

2.1. The Manufacturer will deliver the Equipment to the Railroad in accordance with the delivery schedule set forth in Schedule A hereto; provided, however, that the Manufacturer shall have no obligation to deliver the Equipment subsequent to the filing by or against the Railroad of a petition for reorganization under the Bankruptcy Act or the commencement of any other proceeding by or against the Railroad as set forth in Section 15(e) hereof.

2.2. The Manufacturer's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Manufacturer's reasonable control, including, but not limited to, acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes, major accidents, fire, flood, explosion, damage to plant, equipment or facilities, or delays in receiving necessary materials.

2.3. Notwithstanding the foregoing provisions, if the Equipment is not delivered and accepted on or before the outside delivery date provided therefor in Schedule A hereto, the Agreement shall terminate and be of no further force and effect; provided however that the Railroad and the Manufacturer shall execute a separate agreement providing for the sale of the Equipment by the Manufacturer to the Railroad upon the same terms and conditions as those contained herein, modified only to the extent necessary to provide for payment in cash upon delivery of the Equipment, either directly or indirectly by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Railroad may determine and as may be reasonably satisfactory to the Manufacturer.

2.4. The Equipment during construction shall be subject to inspection from time to time by one or more inspectors or other authorized representatives of the Railroad. Upon completion of the Equipment by the Manufacturer, it shall be presented to such inspectors or representatives for inspection at the place designated herein for delivery. Such inspectors or representatives shall forthwith determine if the Equipment conforms to the Specifications applicable thereto, and, upon a determination that the Equipment conforms to the Specifications, shall execute and deliver to the Manufacturer a certificate or certificates of acceptance (hereinafter called the Certificate of Acceptance) stating that the Equipment has been inspected and is accepted by them on behalf of the Railroad and is marked in accordance with Section 5.1 hereof. In the event that such inspectors or representatives determine that the Equipment is not in conformity with the Specifications therefor, they shall immediately notify the Manufacturer in writing as to their specific findings of non-conformity, and the Manufacturer shall have a reasonable period of time to bring the Equipment into compliance with the Specifications therefor.

2.5. The Manufacturer shall bear the risk of loss of the Equipment or damage thereto until the Equipment has been presented to the Railroad for inspection pursuant to Section 2.4 hereof. Upon such presentation of the Equipment to the Railroad at the place designated in Schedule A for delivery, the Railroad shall bear the risk of loss of the Equipment or damage thereto.

SECTION 3. PURCHASE PRICE AND PAYMENT.

3.1. The base price of the Equipment, which may include freight charges, if any, to place of delivery, but exclusive of interest and all other charges, is as set forth in Schedule A hereto. Such base price shall be subject to increase or decrease as may be agreed to in writing by the Manufacturer and the Railroad, and the term "Purchase Price" as used herein shall mean such base price as so increased or decreased; provided that the Purchase Price for the Equipment shall not exceed the maximum price provided therefor in Schedule A hereto. If on the Closing Date (as defined in Section 3.3 hereof) the Purchase Price under this Agreement would, but for the provisions of this sentence, exceed the maximum price provided in Schedule A hereto, then the Railroad shall pay such excess to the Manufacturer; provided however that the Railroad shall not be obligated under any circumstances to pay to the Manufacturer any such excess except in accordance with agreements, if any, providing for price escalations heretofore entered into, which agreements, if any, shall remain in effect for the limited purpose of determining the price of the Equipment between the Railroad and the Manufacturer under this Section 3.1.

3.2. The Railroad hereby acknowledges itself to be indebted to the Manufacturer in the amount of and hereby promises to pay to the manufacturer by check of the Railroad payable to the order of the Manufacturer or its assignee and mailed to the Manufacturer or such assignee, certified mail, postage prepaid, at its address set forth in Section 20 hereof or at such other address as may be designated in writing to the Railroad, the Purchase price of the Equipment (hereinafter referred to as the "Conditional Sale Indebtedness") in installments as follows:

(a) on the Closing Date (as hereinafter defined) the amount by which the purchase price of the Equipment, as stated in the invoice presented in respect of such Closing Date (said invoice price being hereinafter called the Invoice Purchase Price), exceeds the sum of \$360,000; and

(b) in 40 consecutive equal (except for appropriate adjustment in the final installment in case the amount payable pursuant to this paragraph (b) shall not, when divided by 40, result in an amount ending in an integral cent) quarter-annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoice Purchase Price for all the Equipment less the

amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the Conditional Sale Indebtedness).

The installments of the Conditional Sale Indebtedness payable pursuant to subparagraph (b) of this Section 3 shall be payable quarter-annually on February 1, May 1, August 1 and November 1 of each year commencing August 1, 1979, to and including May 1, 1989. The unpaid portion of the Conditional Sale Indebtedness payable on each payment date in each of the years 1979 through 1989 shall bear interest from the next preceding payment at the then prevailing New York prime interest rate plus an amount equal to one-half (1/2) of one (1) percent per annum but in no event less than six (6) percent per annum.

All interest under this Agreement shall be calculated on the basis of a 360 day year of twelve 30-day months.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Section 6 hereof, the Railroad shall not have the privilege of prepaying any installment of its indebtedness hereunder prior to the date it becomes due.

In the event the Manufacturer, pursuant to Section 14 hereof, assigns the right to receive the payments herein provided to be made by the Railroad, the assignee thereof may request the Railroad to make and the Railroad shall make such payments to it at such address as shall be supplied to the Railroad by the assignee.

3.3. The term "Closing Date" shall mean such date not later than May 1, 1979, or not more than ten business days following presentation by the Manufacturer to the Railroad of the invoice and the Certificate of Acceptance with respect to the Equipment, as shall be fixed by the Railroad

by written or telegraphic notice delivered to the Manufacturer and any assignee thereof at least seven business days prior to the Closing Date designated herein.

3.4. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Mississippi are authorized or required to close.

3.5. Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

3.6. The Railroad will pay interest at the rate of per annum upon all unpaid balances of indebtedness and (to the extent legally enforceable) upon interest, after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

3.7. All payments provided for in this Agreement shall be made by the Railroad in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

3.8. Except as provided in Section 6 hereof, the Railroad shall not have the privilege of prepaying any installment of the Conditional Sale Indebtedness prior to the date it becomes due hereunder.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. The Manufacturer shall and hereby does retain the full security title to and property in the Equipment until the Railroad shall have made all of the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as herein provided. Any and all additions to the Equipment (other than any additions, (i) the cost of which is not included in the Purchase Price of any item of Equipment, and (ii) which are not required for the operation or use of such item of Equipment by the Interstate Commerce Commission, the Department of Transportation or any other legislative, governmental or judicial body exercising any power or jurisdiction over such item, and (iii) which are readily removable from such item of Equipment to which such addition relates without material damage to such item and without diminishing or impairing the value or utility which such item would have had at such time had such addition not been made, any such additions being hereinafter referred to as "Permitted Additions") and any and all replacements of the Equipment and of parts thereof and such additions thereto shall constitute accessions to the Equipment and shall be subject

to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this agreement; provided that at all times during which an Event of Default shall have occurred and be continuing hereunder, or an event shall have occurred which with the lapse of time or giving of notice, or both, shall constitute an Event of Default, then the Railroad shall promptly upon the written request of the Manufacturer remove any Permitted Addition from any or all items of Equipment without causing material damage thereto at the sole cost and expense of the Railroad and in the event the Railroad shall upon such request fail to promptly so remove such Permitted Additions, the same shall thereupon be deemed accessions to the Equipment and shall thereafter be included in the term Equipment as used in this Agreement.

4.2. When and only when the Manufacturer shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided and all the Railroad's other obligations hereincontained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Manufacturer, except that the Manufacturer, if requested by the Railroad so to do, will execute a bill or bills of sale for the Equipment releasing its security title thereto and property therein to the Railroad or upon its order free of all liens and encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad at its address specified in Section 20 hereof, and will execute in the same manner and deliver at the same place, for filing, registering, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Railroad to the Equipment, and will pay to the Railroad any money paid to the Manufacturer, pursuant to Section 6 hereof and not therefore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or to file such certificate within a reasonable time after written demand by the Railroad.

SECTION 5. MARKING OF EQUIPMENT

5.1. The Railroad will cause Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil in

contrasting color upon both sides of the Equipment in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission Under 49 USC 11303" with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security title of the Manufacturer to the Equipment, its rights under this Agreement and the rights of any assignee under Section 14 hereof. The Railroad will not place the Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Railroad will not change the identifying number of the Equipment except with the consent of the Manufacturer and any assignee pursuant to Section 14 hereof and in accordance with a statement of a new identifying number to be substituted therefor, which consent and statement previously shall have been filed with the Manufacturer by the Railroad and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

5.2. Except as above provided, the Railroad will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Railroad or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Railroad to use the Equipment under this Agreement.

SECTION 6. CASUALTY OCCURRENCES.

6.1. In the event that the Equipment shall be or become lost, stolen, destroyed, or irreparably damaged subsequent to its presentation to the Railroad pursuant to Section 2.4 hereof, but prior to the issuance of the Certificate of Acceptance pursuant to Section 2.5 hereof, the Railroad shall, not later than 60 days following such event, pay the Purchase Price of the Equipment in full to the Manufacturer by wire transfer of immediately available funds to such bank or trust company in the continental United States of America as the Manufacturer shall designate.

6.2. In the event that the Equipment shall be or become lost stolen, destroyed, or irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (any such occurrence, except for any requisition which by its terms is indefinite or does not exceed the original term of this Agreement, being hereinafter called a "Casualty Occurrence"), prior to the payment of the indebtedness in respect of the Purchase Price of such Item, together with interest thereon and all other payments required hereby, the Railroad shall, within ten days

after it shall have been determined that the Equipment has suffered a Casualty Occurrence, fully inform the Manufacturer in regard thereto. Within 30 days following the giving of such notice, the Railroad shall pay to the Manufacturer a sum equal to the Casualty Payment (as defined in Section 6.4 hereof) of the Equipment as of the date of such payment and shall file with the Manufacturer a certificate of a Vice President or the Comptroller or other Chief Accounting Officer of the Railroad setting forth the calculation of the Casualty Payment.

6.3. Any money paid to the Manufacturer pursuant to Section 6.2 hereof shall, so long as no Event of Default shall have occurred and be continuing, be applied, in whole or in part, as the Railroad shall direct in a written instrument filed with the Manufacturer, to prepay indebtedness in respect of the Purchase Price of the Equipment hereunder or to or toward the cost of a new item or items of standard gauge railroad equipment which shall be of the same character as the Equipment having suffered a Casualty Occurrence, and which new item or items of equipment shall be of a quality and have a value and utility at least equal to the Equipment having suffered a Casualty Occurrence, as the Railroad shall direct in such written instrument. In case any such money shall be applied to prepay indebtedness, it shall be so applied, on the first installment date for the payment of the Purchase Price of the Equipment next following receipt by the Manufacturer of such written direction, to prepay installments of the Purchase Price of the Equipment thereafter falling due in the inverse order of their maturities, but without premium, and whether or not such amount shall be sufficient to prepay one or more entire installments (or portions thereof) of the Purchase Price. In case of replacement, the amount to be paid by the Manufacturer in respect of any replacing item shall not exceed the lesser of the cost of such item or the "fair market value" of such item. For the purposes of this section "fair market value" shall be determined on the basis of, and shall be equal in amount to, the price which would be obtained in an arm's length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell; provided that if the Railroad and the Manufacturer are unable to agree upon the "fair market value" as so defined within 60 days following such payment by the Railroad to the Manufacturer, such value shall be determined by a qualified independent Appraiser. The term "Appraiser" shall mean such independent appraiser as the Railroad and the Manufacturer may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Railroad, the second by the Manufacturer and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Railroad and the Manufacturer. The

determination so made shall be conclusively binding upon both the Railroad and the Manufacturer. The expenses and fees of the Appraiser shall be borne by the Railroad.

6.4. The payment to be made to the Manufacturer in respect of the Equipment having suffered a Casualty Occurrence (the "Casualty Payment") shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Payment shall be determined, plus interest, if any, accrued thereon but unpaid as of such date.

6.5. So long as no Event of Default shall have occurred and be continuing, any money paid to the Manufacturer pursuant to this Section 6 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in (i) such direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest or (ii) certificates of deposit of commercial banks in the United States of America having capital and surplus aggregating at least \$50,000,000, in each case maturing in not more than one year from the date of such investment (all such investments being hereinafter called "Investments"), as may be specified in such written direction. Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest or earned discount received by the Manufacturer on any Investments shall be held by the Manufacturer and applied as herein provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Manufacturer thereon, up to the cost (including accrued interest or earned discount) thereof, shall be held by the Manufacturer for application pursuant to this Section 6, and any excess shall be paid to the Railroad. If such proceeds (plus such interest or earned discount) shall be less than such cost, the Railroad will promptly pay to the Manufacturer an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Manufacturer in connection with the purchase and sale of Investments.

6.6. The Railroad will cause any replacing item to be plated or marked as provided in Section 5.1 hereof. Any and all such replacements shall constitute accessions to the Equipment and shall be subject to all of the terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacements shall be free and clear of all liens and encumbrances and shall be taken initially and shall remain in the name of the Manufacturer subject to the provisions hereof, and the Railroad shall promptly execute, acknowledge, deliver, file and record all such documents (including the filing with the

Interstate Commerce Commission in accordance with 49 USC 11303 of an appropriate substantial agreement describing such replacements and the filing in such public offices as may be deemed necessary or appropriate in accordance with the applicable law of all financial and continuation statements of similar notices thereto) and do any and all such acts as may be necessary to cause such replacements to come under and be subject to this Agreement and to protect the title of the Manufacturer to such replacements. All such replacements shall be warranted in like manner as the Equipment replaced, and such warranties shall then accrue to the benefit of the Manufacturer and its successors and assigns.

6.7. Whenever the Railroad shall file with the Manufacturer, pursuant to the foregoing provisions of this Section 6, a written direction to apply money to or toward the cost of a replacing item of standard gauge railroad equipment which shall be of the same character as the Equipment and which shall be of a quality and have a value and utility at least equal to the Equipment having suffered a Casualty Occurrence, the Railroad shall file therewith in such number of counterparts as may be reasonably requested:

(a) a certificate of a Vice-President or the Comptroller or other Chief Accounting Officer of the Railroad certifying that such replacing item is standard gauge railroad equipment which shall be of the same character as the Equipment and which shall be of a quality and have a value and utility at least equal to the Equipment having suffered a Casualty Occurrence and has been plated or marked as required by the provisions of this Section 6 and certifying the cost of such replacing item and that the cost thereof does not exceed the fair value of such item; and

(b) an opinion of counsel for the Railroad that title to such replacing item is vested in the Manufacturer free and clear of all liens and encumbrances, and that such item has come under and become subject to this Agreement.

6.8. In the event that any moneys paid to, or held by, the Manufacturer pursuant to this Section 6 are applied to the prepayment of indebtedness in respect of the Purchase Price, the Railroad will pay to the Manufacturer on the date of such application interest then accrued and unpaid on the indebtedness so prepaid.

If an Event of Default shall have occurred and be continuing, then so long as such event of default shall continue all money then held by the Manufacturer pursuant to this Section 6 shall be applied by the Manufacturer as if such money were money received upon the sale of Equipment pursuant to Section 16 hereof.

6.9. In order to facilitate the sale, or other disposition of the Equipment suffering a Casualty Occurrence, the Manufacturer shall upon request of the Railroad, after deposit by the Railroad of a sum equal to the Casualty Payment of such Equipment, execute and deliver to the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such equipment from the terms and scope of this Conditional Sale Agreement, in such form as may be reasonably requested by the Railroad.

6.10. In the event that prior to the expiration of the term of this Agreement, the use of the Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period ending on or before said date, the Railroad's duty to pay the indebtedness in respect of the Purchase Price thereof shall continue for the duration of such requisitioning or taking. The Railroad shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 7. TAXES

All payments to be made by the Railroad hereunder will be free of expense to the Manufacturer for collection or other charges and will be free of expense to the Manufacturer in respect of the amount of any local, state or federal taxes, license and registration fees, assessments, charges, fines, penalties, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (other than net income, excess profits and similar taxes) hereafter levied or imposed upon, or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes and licenses the Railroad assumes and agrees to pay on demand in addition to the indebtedness in respect of the Purchase Price of the Equipment. The Railroad will also pay promptly all taxes and assessments which may be imposed upon the Equipment or for the use or operation thereof by the Railroad or upon the earnings arising therefrom or upon the Manufacturer solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the title of the Manufacturer or result in a lien upon the Equipment; provided, however, that the Railroad shall be under no obligation to pay any taxes, assessments, licenses, charges, fines or penalties of any kind so long as it is contesting in good faith and by appropriate legal proceedings such

taxes, assessments, licenses, charges, fines or penalties and the nonpayment thereof does not, in the opinion of the Manufacturer, adversely affect the property or rights of the Manufacturer hereunder. If any such expenses, taxes, assessments, licenses, charges, fines or penalties shall have been charged or levied against a Manufacturer directly and paid by such manufacturer, the Railroad shall reimburse such Manufacturer on presentation of invoice therefor; provided, however, that the Railroad shall not be obligated to reimburse the Manufacturer for any expenses, taxes, assessments, licenses, charges, fines or penalties so paid unless the Manufacturer shall have submitted notice in writing to the Railroad at least five business days in advance of payment thereof.

SECTION 8. REPORTS AND INSPECTIONS

8.1. On or before April 1 in each year, commencing with the year 1980, the Railroad will furnish to the Manufacturer an accurate statement, as of the preceding December 31, (a) describing any material repairs and/or Casualty Occurrences, if any, to the Equipment during the preceding 12 months (or since the date of this Agreement, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Manufacturer may reasonably request, and (b) stating that, in case the Equipment was repainted during the period covered by such statement, the markings required by Section 5.1 hereof shall have been preserved or replaced.

8.2. The Manufacturer shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Railroad's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Manufacturer the existence and proper maintenance thereof during the continuance of this Agreement.

SECTION 9. POSSESSION, USE AND MAINTENANCE.

9.1. The Railroad, so long as it shall not be in default under this Agreement, shall be entitled, from and after delivery of the Equipment by the Manufacturer to the Railroad and after execution of the Certificate of Acceptance by the Railroad and delivery of the same to the Manufacturer, to the possession of the Equipment and the use thereof upon the lines of Railroad owned or operated by it either alone or jointly with another and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by or controlling the Railroad, from and after delivery of the Equipment by the Manufacturer to the Railroad; provided, however, that the Railroad shall not assign or permit the assignment of the Equipment to service involving the regular operation and maintenance thereof outside the continental United States.

9.2. The Railroad shall use the Equipment only in the manner for which it was designed and intended and so as to subject it to ordinary wear and tear. The Railroad shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted. The Railroad shall not modify the Equipment without written authority and approval of the Manufacturer which shall not be unreasonably withheld, provided that no such approval is necessary if and to the extent such modification is required by Section 11 hereof or such modification does not, in the opinion of the Manufacturer, adversely affect the property or rights of the Manufacturer hereunder. Except as otherwise provided in Section 4.1 hereof, any parts installed or replacements made by the Railroad upon the Equipment shall be considered accessions to the Equipment and title thereto shall be immediately vested in the Manufacturer, without cost or expense to the Manufacturer.

SECTION 10. PROHIBITION AGAINST LIENS.

10.1. The Railroad will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment equal or superior to the security title of the Manufacturer, and any liens, encumbrances or charges which might be levied against or imposed upon the Equipment as a result of the failure of the Railroad to perform or observe any of its covenants or agreements under this Agreement, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested by the Railroad in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Manufacturer, adversely affect the property or rights of the Manufacturer hereunder.

10.2. This covenant shall not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanic's, workmen's, repairmen's or other liens arising in the ordinary course of business and, in each case, not delinquent (such liens being herein called "permitted liens").

SECTION 11. RULES, LAWS AND REGULATIONS.

During the term of this Agreement the Railroad will comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules

affect the operation or use of the Equipment; and in the event that such laws or rules require the alteration of the Equipment, the Railroad will conform therewith at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Manufacturer, adversely affect the property or rights of the Manufacturer hereunder.

SECTION 12. INDEMNITIES.

12.1. The Railroad agrees to indemnify, protect and hold harmless the Manufacturer against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including claims for strict liability in tort and counsel fees, arising out of retention by the Manufacturer of security title to the Equipment, or out of the use and operation thereof during the period when security title thereto remains in the Manufacturer. This covenant of indemnity, as described above and covering the period when security title to the Equipment remains in the Manufacturer, shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of the Equipment and the conveyance of the Equipment, as provided in Section 4.2 hereof, or the termination of this Agreement in any manner whatsoever.

12.2. As between the Manufacturer and the Railroad, the Railroad, after presentation of the Equipment to the Railroad pursuant to Section 4.2 hereof, will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of the Equipment.

SECTION 13. WARRANTIES AND PATENT INDEMNITIES.

The agreement of the parties relating to the Manufacturer's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Schedule B hereto.

SECTION 14. ASSIGNMENTS.

14.1. Except as otherwise provided in Section 9.1 hereof, the Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or transfer the right to possession of the Equipment without first obtaining the written consent of the Manufacturer. An assignment or transfer to a railroad company or other purchaser which shall acquire all or substantially all the lines of railroad of the Railroad, and which by execution of an appropriate instrument

satisfactory to the Manufacturer, shall assume and agree to perform each and all of the obligations and covenants of the Railroad hereunder, shall not be deemed a breach of this covenant.

14.2. All or any of the rights, benefits and advantages of the Manufacturer under this Agreement, including the right to receive the payments herein provided to be made by the Railroad may be assigned by the Manufacturer and reassigned by an assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Manufacturer from, any of the obligations of the Manufacturer to construct and deliver the Equipment in accordance with Sections 1 and 2.1 hereof, or to respond to its warranties and indemnities contained in Section 13 hereof, or relieve the Railroad of its obligations to the Manufacturer hereunder.

14.3. Upon any such assignment either the assignor or the assignee shall give written notice to the railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all of the Manufacturer's right, security title and interest in and to the Equipment subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad hereunder shall, to the extent so assigned, be made to the assignee specified in the aforesaid notice.

14.4. The Railroad recognizes that it is the custom of railroad equipment manufacturers or sellers to assign agreements of this character and the Railroad has made arrangements for such assignment of this Agreement. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Manufacturer hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Manufacturer as hereinbefore provided the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Manufacturer with respect to the Equipment or the delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Manufacturer. Any and all such

obligations, if any and however arising, shall be and remain enforceable by the Railroad against and only against the Manufacturer.

14.5. In the event of any such assignment or successive assignments by the Manufacturer of security title to the Equipment and of the Manufacturer's rights hereunder with respect thereto, the Railroad will, whenever requested by such assignee, change names and word or words to be marked on each side of the Equipment so as to indicate the security title of such assignee to the Equipment with such names or word or words as shall be specified by such assignee, subject to the requirements of the laws of the jurisdictions in which the Equipment shall be operated relating to such names and word or words for use on equipment covered by conditional sale agreements with respect to railroad equipment. The cost of marking such names and word or words with respect to the first assignee of the Agreement (or to any successor assignee in case the first assignee is an agent or trustee) shall be borne by the Railroad. The cost of marking such names and word or words in connection with any subsequent assignment (other than to a successor agent or trustee if the first assignee is an agent or trustee) will be borne by the subsequent assignee.

14.6. In the event of such assignment prior to the completion of delivery of the Equipment, the Railroad will, deliver to the assignee, at the time of delivery by the Railroad of notice fixing the Closing Date with respect to the Equipment, all documents reasonably required by the terms of such assignment to be delivered by the Railroad to the assignee in connection with such settlement, in such number or counterparts as may reasonably be requested.

14.7. If this Agreement shall have been assigned by the Manufacturer and the assignee shall not make payment to the Manufacturer on the Closing Date of the amount equal to the Purchase price of the Equipment as provided in the instrument of assignment, the Manufacturer will promptly notify the Railroad of such event and this Agreement shall, except as otherwise provided in this Section 14.7, terminate and be of no further force and effect; provided that the Railroad shall not later than 60 days after such Closing Date pay or cause to be paid to the Manufacturer the Purchase Price of the Equipment, or the portion thereof unpaid by the assignee, such payment to be made in cash or if the Manufacturer and the Railroad shall mutually agree, by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Railroad shall determine and as may be reasonably satisfactory to the Manufacturer.

SECTION 15. DEFAULTS.

15.1. In the event that any one or more of the following events of default ("Events of Default") shall occur and be

continuing, to-wit:

(a) The Railroad shall fail to pay in full any sum payable by the Railroad when payment thereof shall be due under Section 3 or 6 hereof and such default shall continue for ten days; or

(b) The Railroad shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement on its part to be kept and performed or to make provision satisfactory to the Manufacturer for such compliance for more than 30 days after written notice from the Manufacturer specifying the default and demanding the same to be remedied; or

(c) Any representation or warranty made by the Railroad herein or in any statement or certificate furnished to the Manufacturer or any assignee of the Manufacturer pursuant to or in connection with this Agreement or the Agreement and Assignment dated as of April , 1979 proves untrue in any material respect as of the date of issuance or making thereof, or

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Railroad and (unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees within 30 days after such appointment or 60 days after such petition shall have been filed, whichever shall be earlier; or

(e) Any other proceedings shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and (unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or

trustees or receiver or receivers appointed for the Railroad or for the property of the Railroad in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(f) The Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of the Equipment;

then at any time after the occurrence and during the continuance of such an Event of Default the Manufacturer may, upon written notice to the Railroad and upon compliance with any legal requirements then in force and applicable to such action by the Manufacturer, declare the entire indebtedness in respect of the Purchase price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the prime rate of interest prevailing on the date of such declaration plus 1/2 of 1% per annum, to the extent legally enforceable, and the Manufacturer shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated.

15.2. The Manufacturer may waive any such Event of Default and its consequences and rescind and annul any such declaration by notice to the Railroad in writing to that effect. Upon any such waiver the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

SECTION 16. REMEDIES.

16.1. If an Event of Default shall have occurred and be continuing as hereinabove provided, then at any time after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided and during the continuance

of such default, the Manufacturer may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Manufacturer, take or cause to be taken by its agent or agents immediate possession of the Equipment, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 16 expressly provided, and may remove the same from possession and use of the Railroad and for such purpose may enter upon the premises of the Railroad and where the Equipment may be located without judicial process if this can be done without breach of the peace, and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad.

16.2. In case the Manufacturer shall rightfully demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the lines of the Railroad for the delivery of the Equipment to the Manufacturer, the Railroad shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points as shall be reasonably designated by the Manufacturer and shall there deliver the Equipment or cause it to be delivered to the Manufacturer; and, at the option of the Manufacturer, the Manufacturer may keep the Equipment on any of the lines of railroad or premises of the Railroad, for a period not exceeding 180 days, until the Manufacturer shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Manufacturer reasonably convenient. The agreement to deliver the Equipment as hereinabove provided is of the essence of this Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Manufacturer shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Manufacturer and its agent or agents for damages of whatever nature in connection with any retaking of the Equipment in any reasonable manner.

16.3. If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided (unless such declaration has been rescinded and annulled as provided in Section 15.2 hereof, the Manufacturer (after retaking possession of the Equipment as hereinbefore in this Section 16 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment as its own and make such disposition thereof as the

Manufacturer shall deem fit (including, if the Manufacturer so elects, the leasing of the Equipment on such terms as it shall deem fit), and in such event all the Railroad's rights in the Equipment will thereupon terminate and, to the extent not prohibited by any mandatory requirements of law, all payments made by the Railroad may be retained by the Manufacturer as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, within 30 days of receipt of notice of the Manufacturer's election to retain the Equipment for its own use, as hereinafter provided, shall pay or cause to be paid to the Manufacturer the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due by the Railroad under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this Section 16.3 object in writing to the Manufacturer within 30 days from the receipt of notice of the Manufacturer's election to retain the Equipment, then the Manufacturer may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law; or the Manufacturer, with or without the retaking of possession thereof may, at its election, sell the Equipment free from any and all claims of the Railroad, or of any other party claiming by, through or under the Railroad, at law or in equity, at public or private sale and with or without advertisement as the Manufacturer may determine and as is commercially reasonable; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Manufacturer in taking possession of, removing, storing and selling the Equipment, shall be credited to the amount due to the Manufacturer under the provisions of this Agreement. Written notice of the Manufacturer's election to retain the Equipment for its own use shall be given to the Railroad by telegram or registered mail addressed to the Railroad as provided in Section 20 hereof, and to any other persons to whom the law may require notice, within 30 days after the entire indebtedness in respect of the Purchase Price shall have been declared immediately due and payable as hereinbefore provided; and if no such notice shall have been given, the Manufacturer shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Section 16.

16.4. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Manufacturer may specify and in general in such manner as the Manufacturer may determine and as is commercially reasonable, provided that the Railroad shall be given written notice of such sale not less than 30 days prior thereto, by mail addressed as provided herein. If such sale shall be a private sale,

it shall be subject to the rights of the Railroad to purchase or provide a purchaser, within 30 days after notice of the proposed sale price, at the same price offered in writing by the intending purchaser or a better price. In the event that the Railroad does not exercise said right to purchase or provide a purchaser for the Equipment, the Manufacturer may bid for and become the purchaser of the Equipment so offered for sale without accountability to the Railroad (except to the extent of surplus money received as hereinafter provided in this Section), and in payment of the Purchase Price therefor the Manufacturer shall be entitled to have credited on account thereof all sums due to the Manufacturer from the Railroad hereunder.

16.5. Each and every power and remedy hereby specifically given to the manufacturer shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Manufacturer. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Manufacturer in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

16.6. All sums of money realized by the Manufacturer under the remedies herein provided shall be applied, first to the payment of the expenses and liabilities of the Manufacturer herein undertaken to be paid, second to the payment of the indebtedness in respect of the Purchase Price of the Equipment and third to the payment of interest on the indebtedness in respect of the Purchase Price of the Equipment accrued and unpaid. If, after applying as aforesaid all sums of money realized by the Manufacturer, there shall remain any amount due to it under the provisions of this Agreement, the Manufacturer may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Manufacturer, there shall remain a surplus in the possession of the Manufacturer, such surplus shall be paid to the Railroad.

16.7. The Railroad shall pay all reasonable expenses, including attorneys' fees, incurred by the Manufacturer in enforcing its remedies under the terms of this Agreement. In the event that the Manufacturer shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Manufacturer may recover reasonable expenses, including attorneys' fees, and the amount thereof

shall be included in such judgment.

16.8. The foregoing provisions of this Section are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

SECTION 17. APPLICABLE STATE LAWS.

17.1. Any provision of this Agreement prohibited by any applicable law of any state, or which by any applicable law of any state would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such state be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable state law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale agreement and enforced as such.

17.2. Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Equipment, and any other requirements as to the time, place and terms of sale thereof, and other requirements with respect to the enforcement of the Manufacturer's rights hereunder and any and all rights of redemption.

SECTION 18. EXTENSION NOT A WAIVER.

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Manufacturer shall impair or affect the Manufacturer's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Manufacturer's rights or the obligations of the Railroad hereunder. The Manufacturer's acceptance of any payment after it shall have become due shall not be deemed to alter or affect the Railroad's obligations or the Manufacturer's rights hereunder with respect to any subsequent payments or defaults therein.

SECTION 19. RECORDING.

The Railroad will cause this Agreement, any assignment hereof and any supplements hereto and thereto (or a financing or continuation statement or similar notice thereof if and to the extent permitted or required by applicable law) to be filed, recorded or deposited and re-filed, re-recorded or re-deposited, in such public offices as may be required by the law or reasonably requested by the Manufacturer for the purpose of proper protection to the satisfaction of counsel

for the Manufacturer of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Manufacturer certificates or other evidences of such filing, recording or depositing, and an opinion or opinions of counsel for the Railroad with respect thereto, satisfactory to the Manufacturer.

SECTION 20. NOTICE.

Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at the following specified addresses:

(a) to the Railroad: Mississippi Export Railroad Company, Post Office Box 743, Moss Point, Mississippi, 39563, Attention: Vice President-General Manager.

(b) to the Manufacturer: General Motors Corporation (Electro-Motive Division), La Grange, Illinois 60525, Attention:

(c) to any assignee of the Manufacturer, or of the Railroad, at such address as may have been furnished in writing to the Railroad or the Manufacturer, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

SECTION 21. HEADINGS.

All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION 22. EFFECT AND MODIFICATION OF AGREEMENTS.

Except as otherwise provided in Section 3.1 hereof, this Agreement and the Schedules relating hereto, exclusively and completely state the rights and agreements of the Manufacturer and the Railroad with respect to the Equipment and supercede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Manufacturer and the Railroad.

SECTION 23. LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of

Mississippi; provided, however, that the parties shall be entitled to all rights conferred by 49 USC 11303 and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof (or a financing statement or similar notice thereof) shall be filed, recorded or deposited.

SECTION 24. DEFINITIONS.

The term "Manufacturer", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, General Motors Corporation (Electro-Motive Division), and any successor or successors for the time being to the properties and business thereof, and, after any such assignment, any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained and excluded from any assignment.

SECTION 25. CONSOLIDATION OR MERGER.

In case of any consolidation or merger to which the Railroad or the Manufacturer shall be a party, or in case of any sale of all or substantially all the assets of the Railroad or the Manufacturer, the corporation resulting from such consolidation or merger (if other than the Railroad or the Manufacturer) or the corporation which shall acquire such assets, shall expressly assume all obligations hereunder, not then performed, or the Railroad or the Manufacturer, as the case may be, and shall become entitled to all the rights of the Railroad or the Manufacturer, as the case may be.

SECTION 26. INSURANCE.

The Railroad will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, at its own expense, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Railroad on similar equipment owned by it.

SECTION 27. EXECUTION.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and same contract, which shall be sufficiently evidenced by any such original counterpart. Although this

Agreement is dated for convenience as of the date first above written, the actual date or dates of execution hereof by the parties is or are, respectively, the date or dates stated in the acknowledgments annexed hereto.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed in their respective corporate names by their officers or representatives, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

GENERAL MOTORS CORPORATION
(Electro-Motive Division),

By PK Hogan
Its Vice President

(Corporate Seal)

Attest :

W.R. Thomas
Assistant Secretary

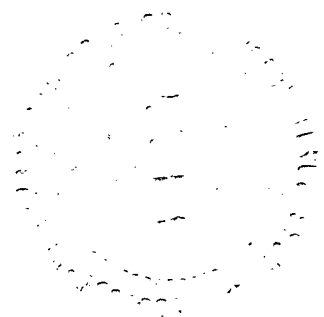
MISSISSIPPI EXPORT RAILROAD COMPANY

By J. M. von Sprecken, Jr.
Its Vice President-general manager

(Corporate Seal)

Attest:

J.A. Hunter
Secretary



SCHEDULE A

(to Conditional Sale Agreement)

MANUFACTURER	General Motors Corporation (Electro-Motive Division)
DESCRIPTION OF EQUIPMENT . . .	One (1) 2000 H. P. Model GP38-2 Locomotive
SPECIFICATIONS	8090
BASE PRICE	\$488,415.00
DELIVER TO	Mississippi Export Railroad Company
ESTIMATED DELIVERY DATE . . .	April 15, 1979

SCHEDULE B
(to Conditional Sale Agreement)

PATENT INDEMNITIES
AND
WARRANTY OF MATERIAL AND WORKMANSHIP

Except in cases of articles or materials specified by Railroad and not manufactured by the Manufacturer and in cases of designs, systems, processes, formulae or combinations specified by the Railroad and not developed by the Manufacturer, the Manufacturer agrees to indemnify, protect and hold harmless the Railroad from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Railroad, its assigns or the users of the Equipment because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Railroad likewise will indemnify, protect and hold harmless the Manufacturer from and against any and all liability, claims costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Manufacturer because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Railroad and not manufactured by the Manufacturer or of any design, system, process, formula or combination specified by the Railroad and not developed or purported to be developed by the Manufacturer which infringes or is claimed to infringe on any patent or other right. The Manufacturer agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Railroad every claim, right and cause of action which the Manufacturer has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Railroad and purchased or otherwise acquired by the Manufacturer for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. The Manufacturer further agrees to execute and deliver to the Railroad or the users of the Equipment all and every such further assurance as may be reasonably requested by the Railroad more fully to effectuate the assignment and delivery of every such claim, right and cause of action. The Manufacturer will give notice to the Railroad of any claim known to the Manufacturer from which liability may be charged against the Railroad hereunder and the Railroad will give notice to the Manufacturer of any claim known to the Railroad from which liability may be charged against the Manufacturer hereunder. Such covenants of indemnity shall continue in force and

effect notwithstanding the full payment of all sums due under the Agreement, or the satisfaction, discharge or termination of the Agreement in any manner whatsoever.

The Manufacturer shall defend any suit or proceeding brought against the Railroad and/or the assignee of the Manufacturer's rights under the Agreement so far as the same is based on a claim that the Equipment of the Manufacturer's specification, or any part thereof, furnished under the Agreement constitutes an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at the Manufacturer's expense) for the defense of same, and the Manufacturer shall pay all damages and costs awarded therein against the Railroad and/or such assignee. In case any unit of the Equipment, or any part thereof, is in such suit held to constitute infringement and the use of such unit or part is enjoined, the Manufacturer shall at its option and at its own expense either procure for the Railroad and any such assignee the right to continue using such unit or part, or replace the same with noninfringing equipment subject to the Agreement, or modify it so it becomes noninfringing, or remove such unit or part and refund the purchase price and the transportation and installation costs thereof. If the purchase price is so refunded, such refund shall be made to the assignee of the Manufacturer's rights under the Agreement if the Agreement has been so assigned, which refund shall be applied in like manner as payments in respect of a Casualty Occurrence under Section 6 of the Agreement.

The Manufacturer will not assume liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by its specifications.

The Manufacturer warrants that its Equipment is of the kind and quality described in, or will be built in accordance with, the specifications referred to in Section 1 of the Conditional Sale Agreement to which this Schedule B is attached (hereinafter in this Schedule B called the Agreement) and is suitable for the ordinary purposes for which its Equipment is used and warrants each unit of its Equipment to be free from defects in material and workmanship which may develop under normal use and service within two years from the date of delivery of such unit or before such unit has been operated 250,000 miles, whichever event shall first occur. The Manufacturer agrees to correct such defects, which examination shall disclose to the Manufacturer's satisfaction to be defective, by repair or replacement F. O. B. factory and such correction shall constitute fulfillment of the Manufacturer's obligation with respect to such defect under this warranty.

The Manufacturer warrants specialties not of its own specification or design to the same extent that the suppliers of such specialties warrant such items to the Manufacturer.

There are no warranties with respect to material and workmanship, express or implied, made by the Manufacturer except the warranties set out above.

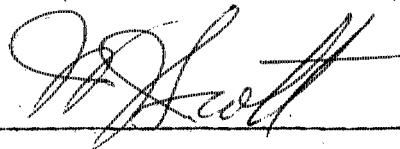
Notwithstanding anything to the contrary contained in the Agreement, it is understood and agreed that there will be incorporated in each unit of the Equipment a limited number of used components which will be remanufactured by the Manufacturer and will be the equivalent of new components.

The Manufacturer reserves the right to make changes in the design of, or add any improvements to, units of its Equipment at any time without incurring any obligation to make similar changes or additions in respect of units of its Equipment previously delivered to the Railroad.

The Manufacturer further agrees with the Railroad that neither the inspection as provided in Section 2.4 of the Agreement, nor any examination, nor the acceptance of any units of Equipment as provided in said Section 2.4 shall be deemed a waiver by the Railroad of any of its rights hereunder.

STATE OF ILLINOIS }
COUNTY OF COOK } SS

On this 11TH day of April, 1979, before me personally appeared **P. R. HOGLUND**, to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

(Notarial Seal)

My Commission expires JAN. 17, 1983

STATE OF MISSISSIPPI)
COUNTY OF JACKSON) SS

On this 16th day of April, 1979, before me personally appeared T. M. von Sprecken, Jr., to me personally known, who, being by me duly sworn, says that he is Vice President-General Manager of MISSISSIPPI EXPORT RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said railroad company, that said instrument was signed and sealed on behalf of said railroad company by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said railroad company.

Barbara B. Bass
Notary Public

(Notarial Seal)

My Commission expires MY COMMISSION EXPIRES MAY 29, 1982

AGREEMENT AND ASSIGNMENT

Dated as of April 1, 1979

Between

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

as Vendor

and

MERCHANTS AND MARINE BANK, PASCAGOULA, MISSISSIPPI
and
PASCAGOULA MOSS POINT BANK, PASCAGOULA, MISSISSIPPI,

as Assignees

Re:

\$360,000 Maximum Principal Amount
Conditional Sale Indebtedness due 1989

of

MISSISSIPPI EXPORT RAILROAD COMPANY

AGREEMENT AND ASSIGNMENT

AGREEMENT AND ASSIGNMENT dated as of April 1, 1979 between MERCHANTS AND MARINE BANK, PASCAGOULA, MISSISSIPPI, and PASCAGOULA MOSS POINT BANK, PASCAGOULA, MISSISSIPPI, as Assignees Jointly (being hereinafter called "Assignees") and GENERAL MOTORS CORPORATION (Electro-Motive Division) (hereinafter called "Vendor").

WHEREAS, the Vendor and MISSISSIPPI EXPORT RAILROAD COMPANY, a Mississippi corporation ("Railroad") have entered into a Conditional Sale Agreement dated as of April , 1979 (the "Conditional Sale Agreement"), covering the sale and delivery on the conditions therein set forth, by the Vendor and the purchase by the Railroad of the railroad equipment described in Schedule A to the Conditional Sale Agreement (the "Equipment").

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (the "Assignment"),

W I T N E S S E T H:

That, in consideration of the sum of one Dollar (\$1.00) and other good and valuable consideration paid by the Assignees to the Vendor, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. ASSIGNMENT BY VENDOR

The Vendor hereby assigns, transfers and sets over unto the Assignees, their successors and assigns:

(a) All the right, security title and interest of the Vendor in and to each Item of Equipment when and as delivered and accepted and upon payment by the Assignees to the Vendor of the amount required to be paid under Section 5 hereof.

(b) All the right, title and interest of the Vendor in and to the Conditional Sale Agreement (except the rights of the Vendor pursuant to Sections 1 and 2 thereof and the right to receive the payments specified in Section 14.7 thereof and reimbursement for taxes paid or incurred by the Vendor pursuant to Section 7 thereof and the right to indemnity from the Railroad for claims arising against the Vendor as provided in Section 12.1 thereof), and in and to any and all amounts which may be or become due or owing to the Vendor under the Conditional Sale Agreement on account of the indebtedness in respect of the Purchase Price (as defined in

the Conditional Sale Agreement) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the Conditional Sale Agreement, other than those hereinabove excluded; and

(c) Except as limited above in subparagraph (b) hereof, all of the Vendor's rights, powers, privileges and remedies under the Conditional Sale Agreement;

without any recourse, however, against the Vendor for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not subject the Assignees to, or transfer, or pass, or in any way affect or modify the obligations of the Vendor to cause to be constructed or to sell and deliver the various Items of Equipment to be built in accordance with the Conditional Sale Agreement or with respect of its warranties and agreements contained in Section 13 of the Conditional Sale Agreement or relieve the Railroad from its obligations to the Vendor under Sections 1, 2, 7, 12, 13 and 14 of the Conditional Sale Agreement, it being understood and agreed that notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Section 14 of the Conditional Sale Agreement, all obligations of the Vendor to the Railroad shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Vendor. In furtherance of the foregoing assignment and transfer, the Vendor hereby authorizes and empowers the Assignees in the Assignees' own names, or in the name of the Assignees' nominee, or in the name of and as attorney, hereby irrevocably constituted, for the Vendor to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignees are or may become entitled under this Assignment and compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but at the expense and liability and for the sole benefit of the Assignees.

SECTION 2. COVENANTS AND AGREEMENTS OF VENDOR.

The Vendor covenants and agrees that it will cause to be constructed and will sell and deliver the Item of Equipment to the Railroad, in accordance with the provisions of the Conditional Sale Agreement, and that, notwithstanding this Assignment, it will perform and fully comply with each and all the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by the Vendor. The Vendor further covenants and agrees that it will warrant to the Assignees and the Railroad that at the time of delivery of such Item of Equipment to the Railroad under the Conditional Sale Agreement it had legal title to such Item and good and lawful right to sell such Item and the title to such Item was free of all claims, liens and encumbrances of

any nature except only the rights of the Railroad under the Conditional Sale Agreement; and the Vendor further covenants and agrees that it will defend the title to such Item against the demands of all persons whomsoever, based on claims originating prior to said delivery of such Item by the Vendor to the Railroad; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder.

The Vendor covenants and agrees with the Assignees that in any suit, proceeding or action brought by the Assignees under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, the Vendor will indemnify, protect and hold harmless the Assignees from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Vendor of any obligation with respect to the Equipment of the manufacture, construction, delivery or warranty thereof by such Vendor, or under Section 13 of the Conditional Sale Agreement, or by reason of any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Vendor. The Vendor's obligation so to indemnify, protect and hold harmless the Assignees is conditional upon (a) the Assignees' timely motion or other appropriate action, on the basis of Section 14.4 of the Conditional Sale Agreement, to strike any defense, set-off, counterclaim or recoupment asserted by the Railroad in any such suit, proceeding or action and (b) if the Court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, set-off, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignees' prompt notification to the Vendor of the asserted defense, set-off, counterclaim or recoupment and the Assignees' giving the Vendor the right, at the Vendor's expense, to compromise, settle or defend against such defense, set-off, counterclaim or recoupment. Any and all such obligations shall be and remain enforceable by the Railroad against and only against the Vendor and shall not be enforceable against the Assignee or any party or parties in whom security title to the Equipment or any of the rights of the Vendor under the Conditional Sale Agreement shall vest by reason of the Assignment or of successive assignments. The Vendor will indemnify, protect and hold harmless the Assignees from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignees or their assigns because of the use in or about the construction or operation of the Equipment, or any part thereof, of any design, article or material which infringes or is claimed to infringe on any patent or other right, except for any designs, articles or materials specified by the Railroad and not manufactured by the Vendor. The

Assignees will give prompt notice to the Vendor of any suit, proceeding, action, claim or demand by or against the Assignees herein described. With respect to any such suit, proceeding, action, claim or demand, the Assignees shall provide full cooperation to the Vendor. The Vendor shall be solely responsible for, and have the sole authority over, the conduct of any such suit, proceeding, action claim or demand.

The Vendor agrees that any amount payable to it by the Railroad, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignees, shall not be secured by any lien or charge on any Item of Equipment.

SECTION 3. EQUIPMENT MARKINGS.

The Vendor will cause to be plainly, distinctly, permanently and conspicuously marked by a plate or stencil in contrasting color on both sides of the Equipment, at the time of delivery thereof to the Railroad, in letters not less than one inch in height, the following legend:

"Ownership Subject to a Security Agreement
File With the Interstate Commerce Commission
Under 49 USC 11303".

SECTION 4. RECORDATION.

Upon request of the Assignees, their successors and assigns, the Vendor will execute and deliver all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Vendor therein or in the Equipment.

SECTION 5. CONDITIONS PRECEDENT TO PAYMENT TO ASSIGNEES.

The Assignees, on or before 5:00 P. M., Pascagoula, Mississippi time, on the Closing Date (the "Closing Date") fixed as provided in Section 3.3 of the Conditional Sale Agreement with respect to the Equipment, shall pay to the Vendor at a designated office of the Assignees in Pascagoula, Mississippi, an amount equal to the Purchase Price of the Equipment required to be paid pursuant to Section 3 of said Agreement provided there shall have been delivered to the Assignees the following documents, in such number or counterparts or copies as may reasonably be requested, in form and substance satisfactory to the Assignees:

(a) Bill or Bills of Sale from the Vendor to the Assignees, transferring to the Assignees security title to such Item or Items of Equipment and warranting to the Assignees and to the Railroad that at the time of delivery thereof to the Railroad under the Conditional Sale

Agreement the Vendor had legal title to such Item or Items and good and lawful right to sell such Item or Items, and title to such Item or Items was free of all claims, liens and encumbrances of any nature except only the rights of the Railroad under the Conditional Sale Agreement.

(b) Certificate or Certificates of Acceptance signed by an inspector or other authorized representative of the Railroad stating that such Item or Items of Equipment have been inspected and accepted by him on behalf of the Railroad and further stating that there was plainly, distinctly, permanently and conspicuously marked by a plate or stencil in contrasting color on each side of the Equipment at the time of its acceptance, in letters not less than one inch in height, the following legend:

"Ownership Subject to a Security Agreement
Filed With the Interstate Commerce Commission
Under 49 USC 11303".

(c) Invoice from the Vendor to the Railroad and the Assignees for such Item or Items of Equipment accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the price of such Item or Items as set forth in said invoice and that such price does not exceed the fair market value of such Item or Items;

(d) Opinion of Counsel, acting as special counsel for the Assignees, addressed to the Assignees, dated as of the Closing Date, to the effect that (i) the Conditional Sale Agreement has been duly authorized, executed and delivered by the parties thereto and is a valid and binding instrument enforceable in accordance with its terms, (ii) this Assignment has been duly authorized, executed and delivered by the respective parties thereto and is a valid and binding instrument enforceable in accordance with its terms, (iii) the Assignees are vested with all the rights, titles, interests, powers, privileges and remedies purported to be assigned to them by this Assignment and are the holders of a security interest in such Item or Items of Equipment, which Item or Items of Equipment at the time of delivery thereof to the Railroad under the Conditional Sale Agreement were free of all claims, liens and encumbrances except only such security interest and the rights of the Railroad under the Conditional Sale Agreement, (iv) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of the Conditional Sale Agreement or this Assignment or if

such approval is necessary, such approval has been obtained, (v) the Conditional Sale Agreement and this Assignment has been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the rights of the Assignees in the United States of America, (vi) the offering, sale and delivery of the Conditional Sale Agreement and the conditional sale indebtedness payable thereunder constitute an exempted transaction under the Securities Act of 1933, as amended, which does not require registration thereunder of the Conditional Sale Agreement.

(e) Opinion of counsel for the Railroad addressed to the Assignees, dated as of the Closing Date, to the effect set forth in clauses (iii), (iv) and (v) of subparagraph (d) above, and stating that (i) the Railroad is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation, and has the power and authority to own its property and to carry on its business as now conducted and is duly qualified to do business as a foreign corporation in all states where the character of its properties or the nature of its activities makes such qualification necessary; (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered in behalf of the Railroad and is a valid and binding instrument enforceable against the Railroad in accordance with its terms; and (iii) the execution and delivery by the Railroad of the Conditional Sale Agreement does not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Railroad, or any indenture, agreement, or other instrument to which the Railroad is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice or lapse of time, or both) a default under, any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Railroad;

(f) Opinion of counsel for the Vendor, addressed to the Railroad and the Assignees, dated as of the Closing Date, to the effect set forth in clause (iii) of subparagraph (d) above and stating that the Conditional Sale Agreement and this Assignment have each been duly authorized, executed and delivered by the Vendor and, assuming due authorization, execution and delivery thereof by each other party thereto, are valid instruments binding upon the Vendor and enforceable against the Vendor in accordance with their respective terms; and

(g) Certificate of a Vice President of the Railroad to the effect that no Event of Default as specified in the Conditional Sale Agreement or any event which with the lapse of time and/or notice provided for in the Conditional Sale Agreement would constitute such an Event of Default, has occurred and is continuing, and to the effect that, since December 31, 1978, there has been no adverse change in the affairs or financial condition of the Railroad.

In giving the opinions specified in the preceding subparagraphs (d), (e) and (f), counsel may qualify any opinion to the effect that any agreement is a valid and binding instrument enforceable in accordance with its terms by general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in the preceding paragraphs (d) and (e), counsel may rely as to the title to the Item or Items of Equipment upon the opinion of counsel for the Vendor. In giving the opinions specified in the preceding subparagraph (f), counsel may rely as to the title to the Item or Items of Equipment upon the opinion of counsel for the vendor thereof and as to claims, liens or encumbrances on the Item or Items of Equipment upon a certificate of an officer of the Vendor.

The Assignees shall not be obligated to make any of the above-mentioned payments at any time while an Event of Default, or any event which with the lapse of time and/or notice provided for in the Conditional Sale Agreement would constitute an Event of Default, shall be subsisting under the Conditional Sale Agreement. In the event that the Assignees shall not make any such payment, the Assignees shall reassign to the Vendor, without recourse to the Assignees, all right, security title and interest of the Assignees in and to the Items of Equipment with respect to which payment has not been made by the Assignees.

It is understood and agreed that the Assignees shall not be required to make any payment with respect to any Item or Items of Equipment excluded from the Conditional Sale Agreement pursuant to Sections 2.3 and 3.1 thereof. The Assignees shall at the request of the Vendor or the Railroad execute or join in the execution of such supplemental agreement as may be deemed necessary or appropriate to exclude, or if such Equipment shall have been delivered and accepted, to remove, any such Equipment from the Conditional Sale Agreement and from this Agreement and Assignment.

SECTION 6. FURTHER ASSIGNMENTS.

The Assignees may assign in the entirety all of its rights under the Conditional Sale Agreement, including the

right to receive any payments due or to become due to it from the Railroad thereunder to any corporation into or with which the Assignees, or either of them, shall have become merged or consolidated or which shall have acquired property of the Assignees, or either of them, as an entirety or substantially as an entirety, or to any bank or trust company organized under the laws of any state or of the United States of America. In the event of any such assignment each such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignees hereunder.

SECTION 7. REPRESENTATION OF VENDOR; FURTHER ASSURANCES

The Vendor hereby:

(a) represents and warrants to the Assignees, their successors and assigns, that the Conditional Sale Agreement was duly authorized and lawfully executed and delivered by it for a valid consideration, that (assuming due authorization, execution and delivery by the other parties thereto) it is a valid and existing agreement binding upon the Vendor and the other parties thereto, and that it is now in force without amendment thereto; and

(b) covenants and agrees that it will from time to time and at all times, at the request of the Assignees or their successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be reasonably necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, security titles and interests hereby assigned and transferred to the Assignees or intended so to be.

SECTION 8. GOVERNING LAW.

The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Mississippi; provided, however, that the parties shall be entitled to all the rights conferred by 49 United States Code §11303 and such additional rights arising out of the filing, recording or depositing of the Conditional Sale Agreement and this assignment as shall be conferred by the laws of the several jurisdictions in which the Conditional Sale Agreement or this Assignment (or a financing statement or similar notice thereof) shall be filed and recorded.

SECTION 9. EXECUTION IN COUNTERPARTS.

This Assignment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart. The Assignees agree to deliver one of such counterparts, or a certified copy thereof, to the Railroad. Although this Assignment is dated for convenience as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the Vendor and the Assignees have caused these presents to be executed in their respective corporate names by officers or representatives duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the day, month and year first above written.

GENERAL MOTORS CORPORATION
(Electro-Motive Division)

By

P.K. Hogan
Vice President

(Corporate Seal)

Attest:

W.H. Thomas
Assistant Secretary

MERCHANTS AND MARINE BANK,
Pascagoula, Mississippi

By

(Corporate Seal)

Attest:

C. M. Brown

PASCAGOULA MOSS POINT BANK,
Pascagoula, Mississippi

By W. H. Hendberg, Jr.

(Corporate Seal)

Attest:

Theresa M. Johnson

STATE OF ILLINOIS)
COUNTY OF COOK) SS.:

On this 11TH day of April, 1979, before me personally appeared **B. A. HOGGLUND**, to me personally known, who, being by me duly sworn, says that he is Vice President of General Motors Corporation (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



NOTARY PUBLIC

(Notarial Seal)

My Commission expires: JAN. 17, 1983

STATE OF MISSISSIPPI)
COUNTY OF JACKSON) SS.:

On this 16th day of April, 1979, before me personally appeared H. P. Heidelberg, Jr., to me personally known, who, being by me duly sworn, says that he is President of Pascagoula-Moss Point Bank, Pascagoula, Mississippi, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



NOTARY PUBLIC

(Notarial Seal)

My Commission expires:

My Commission Expires Jan. 22, 1982

STATE OF MISSISSIPPI)
COUNTY OF JACKSON) SS.:

On this 16th day of April, 1979, before me personally appeared Thomas L. Leatherbury, to me personally known, who, being by me duly sworn, says that he is President of MERCHANTS AND MARINE BANK, PASCAGOULA, MISSISSIPPI, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that the instrument was signed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Barbara B. Bass
NOTARY PUBLIC

(Notarial Seal)

My Commission expires: MY COMMISSION EXPIRES MAY 29, 1982

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

MISSISSIPPI EXPORT RAILROAD COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment dated as of April 1, 1979.

MISSISSIPPI EXPORT RAILROAD COMPANY

By: T. M. von Sprecken, Jr.
Vice President-General Manager

Interstate Commerce Commission
Washington, D.C. 20423

4/18/79

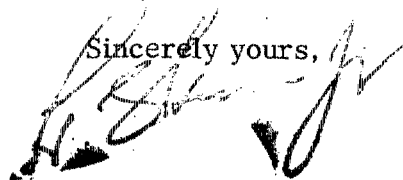
OFFICE OF THE SECRETARY

T.M. Von Sprecken, Jr.
Vice President-Gen. Manager
Mississippi Export RR. Co.
P.O.Box 743
Moss Point, Mississippi 39563

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/18/79 at 9:30am, and assigned recordation number(s). 10296

Sincerely yours,



H. G. Homme, Jr.
Secretary

Enclosure(s)

SE-30
(3/79)